THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Reserve Bank of India (RBI) *vide* its circular DBOD.No.BL.BC.65/22.01.001/2009-10 dated December 1, 2009, has permitted all Scheduled Commercial Banks, (excluding Regional Rural Banks) to open branches in Tier 3 to Tier 6 centres (with population upto 49,999 as per Census 2001) without having the need to take permission from Reserve Bank of India in each case, subject to reporting. Further, banks have been permitted to open branches in rural, semi urban and urban centres in the North Eastern States and Sikkim, without prior permission from the Reserve Bank of India. At present Reserve Bank is not considering issuing new licenses to smaller banks.

(b) to (d) The banking reforms are undertaken by the Government and RBI on a regular basis and is a continuous process. Reserve Bank of India, in its Annual Policy Statement for the year 2009-10, has reviewed the presence of foreign banks in India. In view of the current global financial market turmoil, there are uncertainties surrounding the financial strength of banks around the world. In view of this, it is considered advisable, for the time being, to continue with the current policy and procedures governing the presence of foreign banks in India.

Impact of strengthening of Rupee

2036. SHRI JESUDASU SEELAM:
DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether economic recovery is pushing up value of rupee against dollar which might affect country's export sector, which is going through tough time due to slowdown in global economy;

(b) whether rupee has appreciated by around Rs. 1.75 per dollar in last fortnight of October around Rs. 46.25 on back of high industrial production of over 10 per cent and huge inflow of foreign institutional investors fund in stock market;

(c) whether according to a report expectation that the Reserve Bank of India (RBI) would tighten monetary policy following two recent interest rate hikes by Reserve Bank of Australia has affected dollar which in turn provided an impetus to the rupee; and

(d) if so, to what extent strengthening of rupee has impacted recovery of export sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) There is no one to one relationship between nominal exchange rate movement and trade flows since the latter depends on a number of factors.

(b) No Sir, the reference rate of US dollar and Indian rupee was at Rs.45.91 per US dollar on October 15, 2009 and increased to Rs.46.96 per US dollar as at end-October 2009, reflecting a depreciation of 2.2 per cent during the last fortnight of October 2009. However, rupee appreciated by 3.7 percent in October 2009 over September 2009.

(c) Reserve Bank of India (RBI)'s monetary policy stance is calibrated based on the emerging domestic and external environment, without any specific bearing on the actions of the central banks of other nations.

(d) Exports are dependent on many factors. Even though the rupee appreciated by 3.7 percent, exports performed better in October 2009 at (-) 6.6 percent compared to September 2009 at (-) 13.8 percent.

Fall in bank credit

2037. SHRI MOINUL HASSAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that growth in bank credit has dropped to single digit level;

(b) if so, the details thereof;

(c) what is the performance of nationalized bank in this regard; and

(d) what action Government proposes to take to improve the situation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Yes, Sir. The year-on-year growth in bank credit by Scheduled Commercial Banks (SCBs) as on 6th November, 2009 was 9.8 per cent as compared to 27.7 per cent during the corresponding period of the previous year.

(c) According to the Reserve Bank of India (RBI), as on 23rd October, 2009, credit growth on year-on-year basis for public Sector Banks (PSBs) was 14% compared to 1.8% for private sector banks and (-) 16.3% for foreign banks.

(d) The RBI has been taking necessary steps through its monetary policy to provide an enabling environment for credit growth. With increase in economic growth including growth in manufacturing sector, credit growth is expected to pick up further in the coming months.

Levying of user charges by SBI

2038. SHRIMATI JAYA BACHCHAN: Will the Minister of FINANCE be pleased to state:

(a) whether the State Bank of India (SBI) has started levying pass book updation charge, fee for depositing cash at branches other than the one where the account is opened, cheque book charge, minimum balance charge etc.;

(b) if so, the reasons therefor;

(c) whether the bank is thus depriving the customers of whatever little rates of interest it pays;

(d) whether it is causing hardships to senior citizens and pensioners necessitating them to visit their branch to escape these charges;